

ORIGINAL



PINNACLE WEST
CAPITAL CORPORATION
LAW DEPARTMENT

06

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Direct Line

March 17, 2006

AZ CORP COMMISSION
DOCUMENT CONTROL

2006 MAR 17 P 12:57

RECEIVED

Commissioner Kristin K. Mayes
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007-2996

Re: Letter of February 9, 2006; Inquiry at Pre-hearing Conference of
March 14, 2006 in Docket No. E-01345A-06-0009

Dear Commissioner Mayes:

During the pre-hearing conference in the above docket, you requested that Arizona Public Service Company ("APS" or "Company") supplement its response to your February 9th letter by indicating the level of uncollected gas fuel costs as of April 1, 2006. APS anticipates it will have uncollected 2006 fuel costs of approximately \$16.8 million (\$15.1 million post 90/10 sharing) by the end of March 2006. In addition, some \$60.5 million (post-sharing) remains in the "Paragraph 19 (d) balancing account" from 2005, which is the subject of the Company's two pending PSA surcharge requests. Because the APS base fuel rate is not broken down into specific fuel/purchased power components, it is not possible to say with any accuracy how much of the \$16.8 million is attributable to uncollected gas costs as opposed to, say, unrecovered coal costs.

You also asked the Company to indicate why it was doing a particular customer survey, what were the results to date from such survey, and to what purpose APS intended to use these results. APS is conducting the survey to which you referred (it is ongoing) to determine what issues are of concern to its customers and what issues its customers believe they might need or want additional information. Because it is interactive, communications can be two-way. The results of that survey as of March 10, 2006 are attached. As you can see, APS has received responses from 82 business respondents and just over 200 non-business respondents. Question No. 2, for which no results are shown, asks whether the respondent is an APS customer. APS intends to

APS • APS Energy Services • Pinnacle West Energy • SunCor • El Dorado

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Commissioner Kristin K. Mayes

March 17, 2006

Page 2

use this information in future customer communications through its newsletter to customers, APS.com, etc.

I hope this has been responsive to your inquiry.

Sincerely,

A handwritten signature in cursive script, reading "Thomas L. Mumaw".

Thomas L. Mumaw

Attorney for Arizona Public Service Company

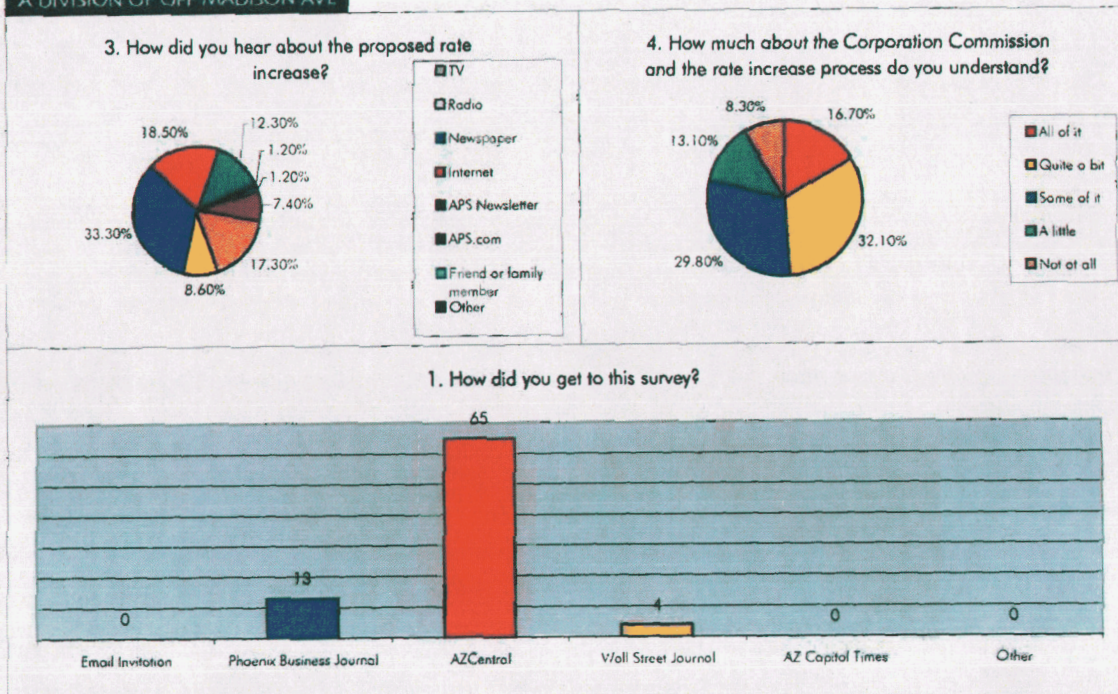
TLM/

Enclosures

cc: Chairman Jeff Hatch-Miller
Commissioner William Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Parties to the Docket
Original and 13 copies to
Docket Control



APS Business Survey Results 03.10.06



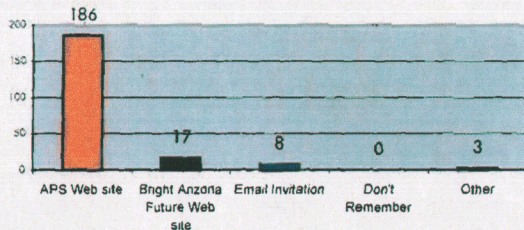
5. How would you rate the following issues in relationship to the future of business growth and economic development in Arizona?

	1- Not at all important	2	3	4	5	6	7- Extremely important	Response Average
Reliability of Arizona's electric supply	1%	1%	1%	6%	10%	25%	55%	6.19
Plans to meet the future demand as Arizona grows	2%	2%	1%	4%	18%	23%	50%	6
Energy costs for residents	0%	2%	2%	7%	15%	27%	45%	5.99
Fuel costs and their impact	1%	2%	1%	6%	18%	30%	41%	5.92
The outlook for renewable resources	1%	6%	4%	13%	10%	19%	47%	5.7
Plans to manage energy production costs	4%	2%	1%	10%	17%	36%	31%	5.64
Energy saving programs and incentives for businesses	2%	2%	5%	11%	17%	28%	34%	5.59
Legislative and regulatory activity affecting utility companies such as APS	6%	0%	2%	13%	23%	29%	27%	5.4
Energy costs for businesses	2%	6%	5%	15%	19%	27%	25%	5.25
The price businesses pay for electricity	2%	5%	6%	11%	26%	29%	21%	5.23

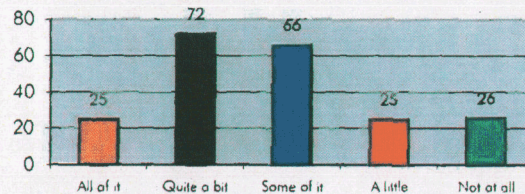


APS Consumer Survey Results 03.10.06

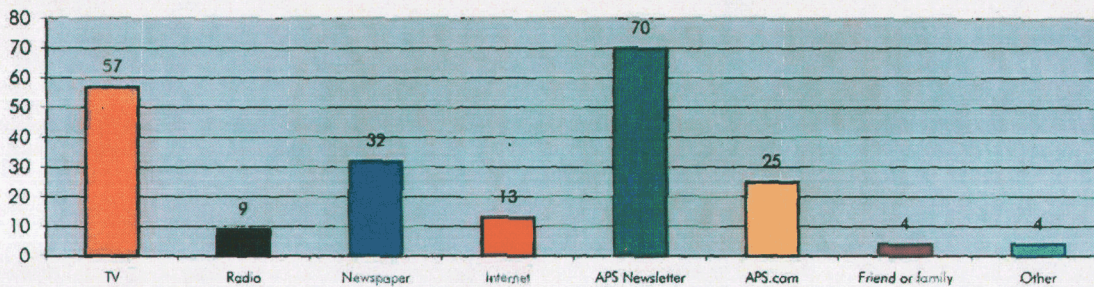
1. How did you get to this survey?



4. How much about the Corporate Commission and the rate increase process do you understand?



3. How did you hear about the proposed rate increase?



5. How would you rate the following issues in relationship to the future of business growth and economic development in Arizona?

	1- Not at all important	2	3	4	5	6	7- Extremely important	Response Average
The price you pay for electricity	1%	0%	0%	1%	2%	14%	80%	6.65
How to reduce your energy bills	3%	2%	2%	2%	8%	17%	66%	6.23
What APS has done to manage its costs	4%	2%	4%	4%	8%	20%	59%	6.03
Plans to manage energy production costs	3%	1%	2%	10%	10%	21%	53%	5.99
Reliability of Arizona's electric supply	4%	1%	7%	6%	11%	19%	52%	5.85
Fuel costs and their impact	3%	2%	4%	10%	10%	18%	52%	5.85
The outlook for renewable resources	6%	3%	3%	6%	12%	19%	50%	5.74
Plans to meet the future demand as Arizona grows	5%	4%	3%	8%	14%	21%	43%	5.6
Legislative and regulatory activity affecting companies such as APS	8%	7%	5%	10%	15%	17%	38%	5.18